

CPI February 2026

The annual rate of CPI inflation ebbed by 0.1ppts to 3.7%, undershooting market expectations of no change.

The trimmed mean CPI also rose by a seasonally adjusted 0.2%, while the annual trimmed mean inflation rate was unchanged at a downwardly revised 3.3%. Monthly trimmed mean inflation is not strictly comparable to its quarterly equivalent, which remains the key focus for the RBA for the time being.

The unadjusted CPI was unchanged in February but picked up by 0.2% when seasonally adjusted.

| % | MoM | YoY |
|--|------|-----|
| Headline CPI | 0.0 | 3.7 |
| Headline CPI (Seasonally Adjusted) | 0.2 | 3.7 |
| Trimmed Mean CPI (Seasonally Adjusted) | 0.2 | 3.3 |
| Market Sector Ex 'Volatile Items' | -0.2 | 3.2 |
| Goods | 0.1 | 3.5 |
| Services | -0.2 | 3.9 |
| Tradables | -0.3 | 1.3 |
| Non-tradables | 0.1 | 5.0 |

Data is original (not seasonally adjusted) unless stated otherwise.

Groups

The largest contribution to the annual rise in consumer prices came from housing, which saw a 7.2% YoY increase in costs (compared to 6.8% YoY in January).

The faster housing cost growth again reflected the base effects from electricity (+37.0% YoY) due to the timing of energy bill relief measures. New dwelling prices picked up 3.7% YoY, reflecting project home builders passing through higher labour and materials costs.

Food and non-alcoholic beverages (+3.1% YoY) as well as recreation and culture (+4.1% YoY) were the other major contributors to annual consumer price growth.

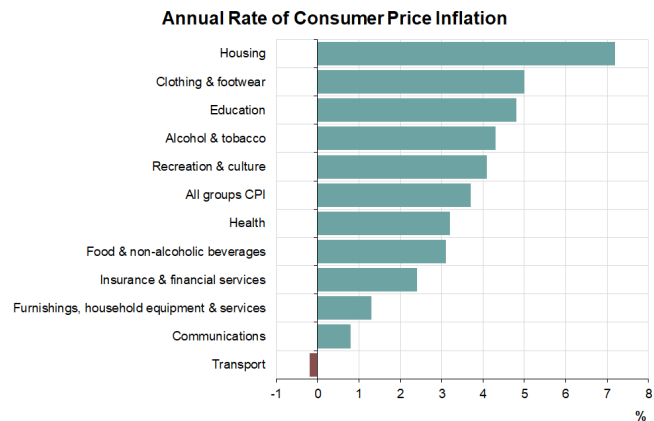
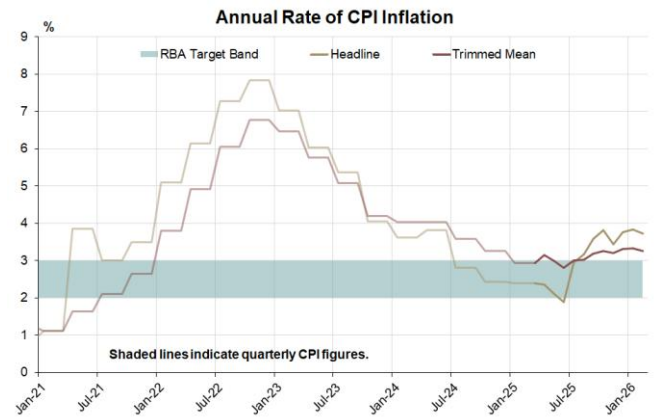
Transport was the only major category that saw a decline in prices in annual terms (-0.2% YoY), mainly due to a 7.2% drop in fuel prices ahead of the escalation of the conflict in the Middle East.

Capital Cities

The developments in annual CPI inflations were mixed across capital cities, with declines in Sydney, Brisbane and Adelaide, and increases in Melbourne and Hobart.

The annual rate of Perth CPI inflation was unchanged at 4.9% in February, with annual electricity cost growth remaining elevated at 289.0% amid higher out-of-pocket expenses after the bill relief measures had been used up by Western Australian households.

| Capital Cities (% , Original) | MoM | YoY |
|-------------------------------|------|-----|
| Perth | 0.6 | 4.9 |
| Sydney | -0.2 | 3.8 |
| Melbourne | -0.1 | 3.3 |
| Brisbane | 0.0 | 3.7 |
| Adelaide | 0.1 | 3.4 |
| Hobart | 0.2 | 4.0 |



Comment

The February CPI report is old news now, as it predates the impact of the conflict in the Middle East and the resultant energy crisis that has seen domestic fuel prices spike, which will likely drive inflation higher.

According to the Australian Institute of Petroleum, ULP prices reached A\$2.38 a litre in the week ending 22 March, averaging A\$2.19 a litre in March to date, which is around 28% above the February average.

In Perth, as per FuelWatch data, petrol prices averaged A\$2.14 a litre in March to date, which is around 30% above the February average.

In both cases, the declines in petrol prices earlier in the year will limit the quarterly change in petrol prices. At the time of writing, the Q1 averages of petrol prices are less than 5% above the Q4 averages.

The Commonwealth Treasury estimates that nationwide inflation could pick up to 4.5-5.0% towards the end of this financial year as a result of the conflict. However, there is great uncertainty about the duration and scope of the Middle Eastern conflict, implying that there are significant risks around that estimate.

The markets reacted calmly to the February CPI report and continue to price in two more cash rate hikes from the RBA this year.

25 March 2026